

**Response to Phone Pay Plus
The Future of the One to One Live Services Compensation
Fund Scheme**

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Ferda Ltd. Glasgow is a private limited company
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Reg No: 139348

Response to Phonepayplus. The One to One Live Services Fund Consultation Document
Dated 10.07.2008

Ferda Limited, Glasgow are providers of Live Fortune-Telling type telephone services and use premium rate numbers as one method of payment collection for the provision of this service. Ferda Ltd has provided this type of service since 1990 and do not provide for any other type of premium rate service.

Introduction

Before moving on to provide comment on the main elements of this PPP consultation document, we find it appropriate to comment on specific commentaries contain in the consultation document itself. These comments have already been made known to PPP and we have been accordingly advised by them to include them in our main response to the consultation paper.

The Consultation Paper Content

On reading the consultation paper we found ourselves taking exception to the terms `live adults services, sex lines and psychic/tarot services` being used as the categories covered by the fund. In our opinion this creates a misconception about its purpose. We note from the MMC report of January 1989 that the purpose of any fund was categorised as Live multi-chat or One to One Live Services and did not refer to any specific group of persons with the sole purpose of the fund(s) being to compensate telephone subscribers who suffered unauthorised use of their phone. For the purpose of this consultation document, as a contributing company to the fund we believe that for discussion reference/s the wording should be "One to one live service providers" and the recipient group "as those who have suffered unauthorised use." We further note the use of highlighting certain focus groups such as children and the vulnerable, we are of the opinion that this gives the impression that contributing service providers target these groups and calls to question their integrity. Also, the use of these terms could be misleading, in that the fund would not in fact cover all vulnerable elements of the community, but only those proven to have suffered unauthorised use.

On page Eleven, Para. Two "Some commentators have argued. " We believe this commentary should not have been included in this document in that there appears to be no evidence included to substantiate what it suggests and only here-say therefore should not be contained in this document. Sadly this type of comment simply reinforces a perceptive view which runs through the document that suggests service providers who are part of the compensation fund scheme have to be so as a result of erroneous and irresponsible behaviours and therefore quite misleading.

Preferred Option

Having considered all of the options set out within the PPP consultation document, as a long-term and responsible industry stakeholder, we favour option number three. (The removal only of the fund and the retention of the bond.) In addition to this we suggest that bond variations should be extended and utilised in a more potent way to ensure that it is effective for the actual purpose it is intended, protecting the consumer. We believe this can be done by PPP by using the concept of continued risk assessment as best practised by insurance companies, both for existing industry players but in particular related to new players and products. Indeed this may assist overcome the possibility of new players claiming restrictive practise which does not allow equal entry into the industry. However we believe that for this to be purposeful, clearly bonding would have to be extended to all elements of the industry and not simply be restricted to live speech services,

otherwise PPP may have to prove that a greater risk of unauthorised use now only lies with the live one to one industry sector.

Options comment and additional information

The management of Ferda Ltd considered all the options set-out in the PPP document and consider option three to be the most reasonable and practical, `only at this time`. But consider that other elements of consumer redress should remain under review.

Mr.Mullen. Managing Director of Ferda Ltd in his consideration of the PPP document also makes the following comment. “ After serious representation by the live services industry sector, a new consumer redress system was put in place by ICSTIS (now PPP) in 1998. Over the years the new scheme has been proven and shown to be working well, very effectively and in the best consumer interest. Noting such and the attached administration costs to the Live Services One to One compensation fund, I along with the PRA (Premium Rate Association) in late 2006 approached ICSTIS (now PPP) to ask that they look again at the need for the fund which had/has never had any claims against it. I now note it is more than two years since this was brought to their attention, with the first meeting between PPP, the fund trustees, PRA and myself taking place in Jan 2007 on the subject. Therefore I feel it proper to question why it will take over twelve months for the fund to be dissolved, should this be the agreed outcome of this consultation document. On calculation I note a period of almost three years will have elapsed since that first enquiry to PPP until the possible dissolution date and consider this unreasonable. I would respectful ask PPP to note this time lapse and comment in their considerations of this issue.”

In summery.

Ferda Ltd approve option three, as the most objective option at this time. That the other elements of any redress scheme should be reviewed at regular intervals. That reference should be made to the MMC report of 1989. as to the precise purpose of any redress scheme and take account of the other elements of those recommendations within that report. This in particular the shift in balance of responsibility now favouring the consumer and the other technologic barriers now in place within telephony systems and within networks to avoid unauthorised use. That further attention should be paid to the categories of service provision “Live Services” for the purpose of future PPP presentations when referring to the purpose of the fund. That careful considerations should be given to the bonding system and reflect risk to all categories within the PRS market and be extended industry wide, thus attracting only responsible industry players to the industry itself.

A. Mullen
Ferda Ltd
16.09.2008

